Supreme Court, U.S.
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No. 93-290

IN THE

Supreme Court of the United States

OCTOBER TERM, 1993

SNYDER INDUSTRIES, INC.,

Petitioner,

v.

THE HEIL COMPANY,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENT'S OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

The Federal Circuit's unpublished decision under review does not present any issue even arguably resembling the petitioner's "Question Presented."[1] The only question fairly presented by that decision is whether, in reviewing the admittedly substantive and legal issue of interference count construction, the Federal Circuit's fact-specific construction of the interference Count in issue (to set forth the intended use of the invention as a "container," as stated in the interference Count) was legally erroneous on the unique facts of this case.

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[1] The petitioner's appendix reproduction of the Federal Circuit's opinion deleted, and its Petition never otherwise informs the Court about, the statement on the face of the opinion: "NOTE: Pursuant to Fed. Cir. R. 47.8 ["not having precedential value"], this disposition is not citeable as precedent. It is a public record. The disposition will appear in the tables published periodically."

RULE 29.1 LIST OF PARENT AND SUBSIDIARY COMPANIES

The Heil Company has no parent company and no subsidiary companies that are not wholly owned.

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I. The Petitioner's "Question Presented" Is Not Presented By The Federal Circuit's Unpublished Decision In This Case

The parties agree that their dispute centers on whether the respondent proved that it was the first to reduce to practice a "container" invention (the subject matter of the interference Count) and thus was the first to invent that "container" invention under 35 U.S.C. §§ 102(g), 146. (Pet. 2-6, 15 n.5.) The parties also agree that this reduction to practice inquiry requires a determination of (i) the "intended use" or purpose of the subject matter (invention) of the interference Count and (ii) whether the respondent was the first to demonstrate workability of that subject matter for the pertinent intended use or purpose. (*Id.*) This entire inquiry begs the question: "demonstration of a use intended by whom or what?"

Late in its Petition, the petitioner repeatedly states it's pivotal legal argument: "*If the intended use of the invention is not set forth in the Count*, the [Patent Office] Board looks to the entire record to discern what the intended purpose was." (Pet. 13 (emphasis added); *see also* 14.) Notwithstanding the fact that the Petition cites not a single authority stating its "entire record" argument, the petitioner's own statement contains a critical qualification — an introductory "*if*" clause — that was held dispositive below, that the Petition ignores, and that renders the petitioner's "Question Presented" irrelevant in this case.

The petitioner's own qualification itself precludes looking to the "entire record" "*if* the intended use *is* set forth in the Count." (*Id.*) Thus, as the petitioner also urged below and as has long been the law, the appropriate "intended use" is the use *intended by the Count* when set forth in the Count. *E.g., DSL Dynamic Sciences, Ltd. v. Union Switch & Signal, Inc.*, 928 F.2d 1122, 1125 (Fed. Cir. 1991); *Mattor v. Coolegem*, 530 F.2d 1391, 1395 (C.C.P.A. 1976); Ct. App. JA 2201-03.

The petitioner does not challenge the Federal Circuit's holding that the "[i]nterpretation of a Count is a question of law,

which [the Federal Circuit] reviews *de novo*." (Pet. 4, 3a.) Performing its proper review under this undisputed rule of law, the Federal Circuit interpreted the Count in this case to expressly state that the intended use, i.e., the "utility," of the Count subject matter was as a "'container,' without any reference to use as a *refuse* container." (Pet. 3a (emphasis in original).)

If there were any ambiguity about it — which the Federal Circuit held there was not — then under traditional rules of interference count construction, "the courts must look 'to the specification from which the copied Count came.'" (Pet. 3a-4a.) The petitioner's patent specification, from which the Count was copied, stated that its invention was not limited to any particular type, size, or shape of container. (Pet. 4a; Ct. App. JA 2681.) The Federal Circuit therefore held: "[petitioner's] patent, and therefore the Count, do not limit the invention to use as only a refuse container."[2] (Pet. 4a.)

Since the Federal Circuit interpreted the Count to set forth the intended use as a "container," not any particular type of container, the Federal Circuit held that the district court "erred in reading such a limitation [a non-stated "use as a *refuse* container"] into the Count." (Pet. 3a (emphasis in original); *see also* 4a.) The Federal Circuit did not hold that a district court or the Patent Office Board of Patent Appeals and Interferences could never look beyond any count to determine an intended use; and nowhere does the petitioner either quote or identify any such holding in the Federal Circuit's decision. The Federal Circuit merely held that, on the particular facts in this case, it was legal error to look beyond the particular *Count in issue* because that Count set forth the pertinent intended use in this case. (Pet. 3a-4a.) The petitioner does not challenge the Federal Circuit's holding that the respondent was the first to reduce to practice if, as the Federal Circuit held, the intended use was as set forth in the Count — as a "container." (Pet. 8, 4a-5a.)

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[2] Regarding the petitioner's inaccurate representation of the source of the Count and content of the petitioner's patent specification, see p. 6-7 *infra*.

What is really happening here is:

1. the petitioner first ignores the Federal Circuit's legal construction of the petitioner's *own patent claim* (the Count) under the *admitted rule of law* that the pertinent intended use is that *intended by the Count* when set forth in the Count (Pet. 5, 13, 14) ; and

2. by thus ignoring this narrow, fact-specific, count-interpretation holding by the Federal Circuit, the petitioner has conjured a hypothetical "Question Presented" that seeks to place the cart (the determination of intended use) before the horse (legal construction of the Count) to eliminate the horse (construction of the Count) from the "Question Presented." In this manner, the petitioner seeks to impose an ad hoc, unpredictable, and unprincipled review of "the entire record" in place of an age-old, admittedly correct count construction rule followed by the Federal Circuit in this particular case.

In other words, the petitioner is asking this Court to decide a "Question Presented" that is not presented by the judgment under review and that has been mooted by the Federal Circuit's application of admittedly proper rules of count interpretation to the unique facts of the petitioner's patent specification and the Count in this case. The petitioner's parade of could-be-terribles about a hypothetical 'never-beyond-the-count' rule that the Federal Circuit did not announce, has no relevance to the narrow, fact-specific (thus unpublished) count-interpretation judgment in this case.

II. Petitioner Inaccurately Represents The Facts As Well

The Petition is replete with incorrect and materially incomplete statements of fact.

Petitioner's Representation	The Fact
"Thus in this case, the *examiner drafted* a 'count,' later adopted by the Board, that was modeled after one of Snyder's claims and against which the interference would be judged." (Pet. 5 (emphasis added); see also i, 6, 9, 14, 15, 23, 24, 26.)	The *petitioner drafted* the claim and included it as a claim in its patent specification. (Ct. App. JA 2681-82.) Upon learning of it, the respondent copied the petitioner's claim verbatim and asked the patent examiner to declare an interference under 37 C.F.R. § 1.607. (*Id.* at 2451-54.) The petitioner and the Patent Office agreed and accepted the petitioner's patent claim as the Count in interference. (*Id.* at 539-41.)
The Federal Circuit "*ignor[ed]* . . . Snyder's patent"; "The [petitioner's] application made *no reference* to a general purpose utility . . . . . of the container"; and "there was *no evidence* that any other use [than as a refuse container] was intended." (Pet. 8, 4, 7 (emphasis added); see also 4, 5, 10, 13, 15-16, 17, 22, 23, 25-26).	The Federal Circuit *quoted* from the petitioner's patent specification, which: (i) "describes the invention as 'relat[ing] *generally to containers* and in particular, to a molded, wheeled container with a hinged lid'"; and (ii) stated that use of the container for "refuse" was only one use for which the invention was "particularly well suited." (Pet. 4a (emphasis added).) Also, petitioner's patent specification is broadly

entitled, "Wheeled Molded Container With Hinged Lid," and emphasizes that "it is to be understood . . . that the principles of the invention are applicable to containers of any practicable size and shape." (Ct. App. JA 2681.) In addition, the Count, which petitioner drafted, claimed use as a "container" generally. "Thus," held the Federal Circuit, "Snyder's patent, and therefore the Count, do not limit the invention to use only as a refuse container." (Pet. 4a.) Also, respondent's inventor testified at trial that his personal intended use was not limited to, or even primarily directed to, "refuse collection"; his goal was to create "just a handy container" of "all types of things." (Ct. App. JA 208-11.)

"Congress has expressly vested in the Board of Patent Appeals and Interferences the responsibility to determine the priority of inventions. 35 U.S.C. § 135(a)." (Pet. 9; see also 11-12.)

The U.S. courts have independent responsibility to resolve the same issue via (i) 35 U.S.C. § 291 (interference litigation between two patentees), (ii) 35 U.S.C. § 102(g) (defense to a patent infringement action), and (iii) as here but curiously excluded from the Petition's "Statutes Involved" section,

35 U.S.C. § 146 — a unique district court proceeding having "the hybrid nature of an appeal and a trial de novo." *Case v. CPC International, Inc.*, 730 F.2d 745, 752 (Fed. Cir. 1984). These types of actions are alternatives to and different from a conventional appeal of a Patent Office Board determination directly to the Federal Circuit under 35 U.S.C. § 141. *See Hoover Co. v. Coe*, 325 U.S. 79, 83, 65 S.Ct. 955, 957 (1945).

"The Board will no longer be able to view its own count as simply the starting point for discharging its statutory responsibilities — a definition of what the invention is, not what it is to be used for. [Note the Petition's lack of citation to authority.] Instead, the formulation of the count will be the critical step in the Board's process of deciding intended use . . . ." (Pet. 15.) "The Federal Circuit . . . simply substituted its view of appropriate procedure under the statute for that of the Board." (Pet. 24, see also 9-10, 11, 13-14, 16, 20, 21, 25, 26.)

Revealingly, the Petition nowhere identifies a single procedural rule even arguably altered by the Federal Circuit's unpublished decision in this case. In fact, the count is not just a "starting point" and is often reformulated at various stages of the interference proceeding to ensure it is correct. See, e.g., *Orikasa v. Oonishi*, 10 U.S.P.Q.2d 1996, 2004 (Comm'r Pat. & Tm. 1989); 37 C.F.R. §§ 1.604-05, 1.610-11, 1.633(c). Thus, as the Petition concedes without explanation but then defies throughout, the interference count has long been "*the vehicle for* contesting priority of invention and *determining*

what evidence is relevant to the issue of priority." (Pet. 12, quoting and string citing Federal Circuit and C.C.P.A. cases (emphasis added).) Accordingly, the Federal Circuit's holding (that the district court mis-construed the Count and as a result mis-determined what evidence was relevant to priority) is nothing new and changes not a single rule of practice before the Board. (Pet. 3a-5a.)

III. The "Question Presented" Is Waived Since Petitioner Did Not Raise Any Such Question And Arguments Below

In both the district court and the Federal Circuit, the respondent argued that the intended use should be determined by reference to the Count. Never — not once — in the courts below did the petitioner argue that its "entire record" rule should govern because the Federal Circuit does not have the authority to establish the appropriate legal standard for determining the pertinent intended use. Never in the courts below did the petitioner argue that, if the intended use was held to be as a "container," as set forth in the Count, the Federal Circuit would be altering the Patent Office Board's internal procedures. (The Federal Circuit would know better.) Indeed, before the Patent Office Board, the petitioner itself conceded exactly the opposite of what it is now urging this Court: "For purposes of analyzing whether a reduction to practice occurred . . . only the count needs to be considered." (Ct. App. JA 2201.)

Prior to filing the present Petition, the petitioner also did not deny that, as the respondent stated in its opening brief to the Federal Circuit, count interpretation is a question of interference law, reviewable *de novo* by the Federal Circuit. Similarly,

not once below did the petitioner disagree that, as was also stated in the respondent's opening Federal Circuit brief, the determination of whether given activity constitutes a reduction to practice is also a question of law, freely reviewable by the Federal Circuit. *E.g., Hybritech, Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1376 (Fed. Cir. 1986), *cert. denied*, 480 U.S. 947 (1987) (Adequacy of reduction to practice is a question of law reviewed *de novo* on appeal). These fundamental rules of interference law, ignored by the Petition and not challenged in the court below, each independently provide complete answers to the petitioner's Johnny-come-lately "Question Presented" and agency-interference arguments.

"This court sits as a court of review. It is only in exceptional cases coming from the federal courts that questions not pressed or passed upon below are reviewed." *Duignan v. United States*, 274 U.S. 195, 200, 47 S.Ct. 566, 568 (1927). There is nothing exceptional about this case within the meaning of *Duignan*. The Petition is silent on the point.

In *Miree v. DeKalb County, Georgia*, 433 U.S. 25, 33-34, 97 S.Ct. 2490, 2496 (1977), this Court held:

> The fact that the asserted basis of liability is so obviously an afterthought may be some indication of its merit, but since it was neither pleaded, argued, nor briefed either in the District Court or in the Court of Appeals, we will not consider it.

The present Petition deserves the same fate.

IV. Petitioner's Novel "Entire Record" Rule Would Create Numerous Conflicts And Impractical Results

Again, the petitioner's central argument is that "If the intended use of the invention is not set forth in the Count, the Board looks to the entire record to discern what the intended purpose was." (Pet. 13; see also, e.g., i, 9, 14.) The "entire record" aspect of this statement is wrong, and the petitioner cites not a single statute, case, rule, or even secondary authority that

so states. (*Id.*) If adopted, such a rule would create conflicts and impractical results.

For example, the Petition also does not inform the Court:

> It is, of course, well settled that when an interference count does not specify any particular use, evidence proving substantial use *for any purpose* is sufficient to establish reduction to practice.

Gordon v. Hubbard, 347 F.2d 1001, 1006-07 (C.C.P.A. 1965) (emphasis added). *Accord,* 3 Donald S. Chisum, *Patents* § 10.06 [2][e], at 10-132 (1991) (hereinafter Chisum) ("It is *settled* that an inventor can reduce to practice by showing operability for any purpose that will satisfy the utility requirement [of 35 U.S.C. § 101] unless the invention is actually defined in terms of use." (emphasis added)); *Hradel v. Griffeth,* 367 F.2d 851, 854-55 (C.C.P.A. 1966) (any substantial utility, not the inventor's ultimate commercial aim, is the test for reduction to practice).

As noted above, the petitioner does not challenge the Federal Circuit's holding that the respondent was the first to make its invention (the so-called "mock-up") and demonstrate utility for its invention as a container. (Pet. 8, 4a-5a.) Thus, even if the Federal Circuit's legal construction of the Count were wrong and if the Count did not set forth the intended use, the respondent still would be the first to reduce to practice and invent, as a matter of law, since it is uncontested that the respondent was the first to demonstrate utility for "any purpose," i.e., as a general purpose, hinge-handle container. *Id.; Gordon,* 347 F.2d at 1006-07, *Hradel,* 367 F.2d 853-55; Chisum, *supra,* § 10.06 [2] [e], at 10-132. Accordingly, it is the petitioner's unsupported "entire record" rule, not the Federal Circuit's decision, that would create conflict with law the courts and commentators have long recognized as "settled" (*id.*) in an area of patent law that may soon become extinct. *See, e.g.,* 1153 *Official Gazette of the United*

States Patent and Trademark Office 113-14 (Aug. 31, 1993) (proposed harmonization of the U.S. patent statutes will grant patents to the first to file a patent application (as in most foreign countries) rather than to the first to invent).

The petitioner's "entire record" rule also would provide no guidance whatsoever and is really an invitation for interfering applicants to unpredictably litigate as much as possible over how lofty each inventor's personal goals really were. It has long been the law that "there is no requirement for a reduction to practice that the invention, when tested [in the pertinent intended use], be in a commercially satisfactory stage of development." *Barmag Barmer Maschinenfabrik v. Murata Machinery Ltd.,* 731 F.2d 831, 838 (Fed. Cir. 1984); Ct. App. JA 203-04; *see also Hradel,* 367 F.2d 854-55 (inventor's ultimate commercial aim not the test). The gap between a sufficient demonstration of "any utility" of the subject matter of the count and that for each inventor's subjectively preferred embodiment (nearly always a commercially perfected embodiment) will usually be vast. Yet when the *sine qua non* of the intended use determination is a decision based on an unguided review of the "entire record," how can one determine, without full blown litigation, at which point in time the utility demonstration became sufficiently adequate for an inventor's subjectively "intended use" even if not for the inventor's preferred, commercially perfected embodiment of the invention? Without litigating the issue to unappealable conclusion, no one could determine whether a demonstration of workability beyond recognition of "any utility" and short of commercial perfection is adequate to establish reduction to practice. The "entire record" rule would provide no guidance and would impose exactly this unpredictable situation on all interference and prior-invention litigation.

Finally, under an "entire record" rule, the standard for a reduction to practice of *the same claimed invention* would vary greatly from inventor to inventor depending upon the subjectively preferred, end use for each contestant. Such a rule would severely penalize the inventor who sets up high goals for the use

of her or his invention, since the only way for that inventor to demonstrate reduction to practice would be to show that the state of development had achieved the inventor's loftier goals. Rather than serving the Constitutional purpose of the patent laws, "To promote the Progress of Science and useful Arts," such an "entire record" rule would reward those who seek mediocrity or less and attain it. U.S. Const. Art. 1 § 8 cl. 8.

Thus, even if the intended use were not set forth in the Count, the petitioner's "entire record" rule would be impractical as well as contrary to long settled law. Perhaps it is for these reasons that *the petitioner* admitted to the Board (prior to the Board's decision that the respondent's patent application was barred due to respondent's pre-filing sales activities under 35 U.S.C. § 102(b)):

> For purposes of analyzing whether a reduction to practice occurred . . . only the count needs to be considered. . . . The fact that [the respondent's] May, 1981, mock-up was a physical embodiment of a refuse container which corresponded to the count has been established above. It is also evident of [sic that] the mock-up's *intended purpose, a container with a hinged lid,* was also demonstrated by the handling it underwent by numerous [of the respondent's employees]. . . . [T]he [respondent's] mock-up was an actual reduction to practice of the invention [by the respondent].

(Ct. App. JA 2201, 2203, 2206 (emphasis added).)

The petitioner's change of argument about the facts should not give rise to an issue suitable for grant of a writ of certiorari by this Court.

V. The Petitions "Statutes Involved" Section Fails To Set Forth The Most Fundamental Of The Statutes Involved In This Case

The petitioner's entire argument turns on the nature of this type of proceeding and the concomitant scope of the district court's and Federal Circuit's authority. Remarkably, however, the Petition's "Statutes Involved" section does not include the most important statute bearing on that issue, 35 U.S.C. § 146. Instead, it is not until very late in the Petition that it quotes Section 146, and then in less than pertinent part in a footnote. (Pet. 15 n. 5.) The Petition never does forthrightly explain the undebatably unique appeal/trial *de novo* nature of the Section 146 trial that took place in the district court below. *See Hoover*, 325 U.S. at 83, 65 S. Ct. at 957 (discussing trial *de novo* aspects of this type of proceeding); *Case*, 730 F.2d at 752 (*id.*).

Section 146 provides in pertinent part:

> Any party to an interference proceeding dissatisfied with the decision of the Board of Patent Appeals and Interferences on the interference, may have remedy by civil action, if commenced within such time after such decision, not less than sixty days, as the Commissioner appoints or as provided in section 141 of this title, unless he has appealed to the United States Court of Appeals for the Federal Circuit, and such appeal is pending or has been decided. In such suits the record in the Patent and Trademark Office shall be admitted on motion of either party upon the terms and conditions as to costs, expenses, and further cross examination of the witnesses as the court imposes, without prejudice to the right of the parties to take further testimony. The testimony and exhibits of record in the Patent and Trademark Office when admitted shall have the same effect as if originally taken and produced in the suit. . . . The Commissioner shall not be a necessary party but he shall be notified of the filing of the suit by

> the clerk of the court in which it is filed and shall have the right to intervene. Judgment of the court in favor of the right of an applicant to a patent shall authorize the Commissioner to issue such patent on the filing in the Patent and Trademark Office of a certified copy of the judgment and on compliance with the requirements of law.

Clearly, the appeal/trial *de novo* in the district court required the district court to apply the substantive law to the facts in the case. The simple fact, evaded by the entire Petition, is that the petitioner lost below due to nothing more than the application of well settled substantive rules of interference count construction to the facts developed at the appeal/trial *de novo* under Section 146. The petitioner's attempt to cast this case as anything to the contrary is not fair to this Court.

CONCLUSION

The Petition mischaracterizes the record, the narrow, fact-specific, unpublished decision by the Federal Circuit, and the pertinent law. The Petition has no merit and should be denied.

September 20, 1993

Respectfully submitted,

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